

***United States Court of Appeals  
for the Second Circuit***



**APPELLEE'S BRIEF**





75-7629

IN THE UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

B

P/S

No. 75-7629

TUBECO, INC.,

Plaintiff-Appellant

v.

CRIPPEN PIPE FABRICATION CORPORATION  
and HENRY O. CRIPPEN,

Defendants-Appellees

On Appeal from the United States District Court  
for the Eastern District of New York

Appeal from Judgment Entered October 21, 1975 on Order  
of the Honorable Edward R. Neaher, United States  
District Judge, Eastern District of New York.  
Court Opinion 402 F.Supp. 838 (E.D.N.Y. 1975).

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FOR THE SECOND CIRCUIT

-----x  
TUBECO, INC. :  
Plaintiff-Appellant, :  
v. : Appeal No. 75-7629  
CRIPPEN PIPE FABRICATION CORPORATION :  
and HENRY O. CRIPPEN, :  
Defendants-Appellees. :  
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TABLE OF ABBREVIATIONS

Crippen.....Appellees herein, Crippen Pipe  
Fabrication Corporation and  
Henry O. Crippen, who were  
defendants below.

Tubeco.....Appellant herein, Tubeco, Inc.,  
who was plaintiff below.

A- .....Joint Appendix to the briefs herein.

EB- .....Separate book of exhibits included  
in the Joint Appendix.

A.

SUMMARY OF ARGUMENT

This case is concerned with whether or not there is a justiciable controversy between the parties regarding a patent granted to defendant Henry O. Crippen ("Crippen patent") and whether there is any Federal claim stated by plaintiff-appellant Tubeco, Inc. ("Tubeco") upon which relief can be granted, there being no diversity of citizenship between the parties.\*

In reality, Tubeco's concern is not with the Crippen patent, but with Crippen as a lawful competitor. Thus, although the Crippen patent issued in July, 1969, and Tubeco knew of its pendency since March, 1968\*\*, this action was not filed until February 13, 1973, and only after the Crippen company had been formed with substantial financing from banking and investment companies, assisted by the Interracial Council for Business Opportunity.

The evidence in this case confirms not only what the lower court found, namely, that no subject matter

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\* For convenience sake, defendants-appellees Crippen Pipe Fabrication Corporation and its President, Henry O. Crippen, will be referred to herein as "Crippen".

\*\* See Section E(III)(3)(c), infra, p. 32.



jurisdiction exists under the Declaratory Judgment Act, and that there exists no Federal claim on which relief can be granted; but also, that the action brought by Tubeco was and is an unwarranted and vexatious interference with defendants' business, brought and pursued in an overt attempt to eliminate Crippen as a potential competitor in the pipe fabrication and hot pipe bending business.

The overwhelming evidence shows that plaintiff has failed miserably to meet its burden of demonstrating that the present case involves any justiciable patent controversy, which would confer federal subject matter jurisdiction under the Declaratory Judgment Act. Plaintiff's failure to state a Federal claim upon which relief can be granted is also readily apparent from the record below.

As the District Court found, Crippen at no time has asserted that Tubeco's activities infringe the Crippen patent. To the contrary, Crippen has steadfastly maintained that Tubeco never has infringed the Crippen patent. Moreover, the evidence clearly supports the lower court's holding that, at the time the Complaint was filed, there was no reasonable apprehension on the part of Tubeco that either it or its customers were threatened with an infringement suit on the Crippen patent. As the District Court correctly found, Tubeco's "asserted patent controversy is wholly hypothetical

and speculative and not justiciable" (Opinion, pp. 17-18) (A 244-45).

The District Court dismissed Tubeco's first cause of action seeking a declaratory judgment of patent invalidity and non-infringement for lack of jurisdiction over the subject matter, and the record below permits no other result.

The District Court also dismissed Tubeco's second cause of action for failure to state a cognizable claim under the Lanham Act, 15 U.S.C. § 1125. That ruling is not appealed.

B.

STATEMENT OF THE ISSUES

1. Is there a justiciable patent controversy under the Declaratory Judgment Act where Crippen made no threats of infringement of the Crippen patent against Tubeco, but rather, merely made a friendly approach to his former employer to offer it a license under his improvement patent, which he thought would result in cost savings in his former employer's methods?

2. Is there a justiciable patent controversy under the Declaratory Judgment Act where Tubeco brought this action against Crippen with no reasonable apprehension that Crippen would act affirmatively against plaintiff Tubeco unless tribute was paid to Crippen under the Crippen patent?

3. Is there a claim for relief under the federal laws and federal jurisdiction wherein plaintiff Tubeco's assertions of wrongdoing on the part of Crippen are in reality a charge of unfair competition?

4. Does a claim by plaintiff Tubeco that Henry O. Crippen in procuring his patent committed fraud on the Patent Office confer federal jurisdiction and confer upon Tubeco the right to have the District Court cancel the Crippen patent, in the absence of an otherwise justiciable patent controversy between the parties?

5. Is there a justiciable controversy under the Declaratory Judgment Act and does federal subject matter jurisdiction exist on which a claim for relief can be granted, wherein the asserted patent controversy is wholly hypothetical and speculative?

C.

STATEMENT OF THE CASE

(1) Nature of the Case and the Proceedings Below

Defendant accepts the statement at page 2 of Appellant's Brief concerning the nature of the case and the proceedings below.



The extensive discovery by both sides comprised plaintiff deposing the defendant Henry O. Crippen over a period of three days (comprising 532 transcript pages) and defendants deposing each of the Tubeco employees who had previously submitted affidavits over a period of five days (comprising more than 900 transcript pages), as well as an inspection by defendants of various forming dies at the premises of the Tubeco plant alleged by plaintiff to infringe the Crippen patent in use.

(2) The Decision Below

The District Court easily saw through Tubeco's artificial contentions of a patent controversy and alleged violations of the Lanham Act.

The District Court found that Crippen had not threatened Tubeco or its customers either directly or indirectly with a patent infringement action under the Crippen patent (Opinion, pp. 9-10) (A 236-37). The District Court found that Henry O. Crippen's offer to Tubeco to grant a license under the Crippen patent was no more than a "logical and friendly approach" to a former employer (Tubeco) to interest it "in what he thought to be cost-saving improvements in the employer's methods" (Opinion, p. 15) (A 242).

In determining whether "reasonable apprehension" on the part of Tubeco existed as a basis for the Declaratory Judgment action, the District Court found that a "searching

examination of the extensive record reveals not the slightest support for such an apprehension" (Opinion, p. 14) (A 241).

The District Court also rejected the former employer-employee relationship as a basis for a justiciable controversy with respect to the Crippen patent. The District Court found it was Tubeco itself, not Crippen, who "sought to place a chip on Crippen's shoulder and knock it off" (Opinion, p. 14) (A 241). Tubeco's objective in attempting to drag Crippen into costly patent litigation is obvious: to bleed both Crippen's finances and manpower, so that it would no longer be able to compete with Tubeco as a lawful competitor in the pipe fabrication and hot-pipe bending industry.

The District Court further found that Tubeco's alleged claims of wrongdoing by Crippen against Tubeco involved, at most, a claim of unfair competition, for which independent jurisdiction does not exist under the federal laws.

As to the alleged claim by Tubeco that Crippen committed fraud on the Patent Office in procuring the Crippen patent, the District Court correctly found that Tubeco has no standing to sue at all since only the United States Government is authorized to obtain cancellation of a patent obtained from it by fraud.

The District Court further found that to the extent Tubeco asserts any rights in the Crippen invention the

gravamen of the claim would be breach of contract of employment, which would not be a Federal claim in the absence of diversity of citizenship, which is the case here.

In sum, the District Court properly concluded that "The asserted patent controversy is wholly hypothetical and speculative and not justiciable" (Opinion, pp. 17-18) (A 244-45). The District Court thus dismissed Tubeco's first cause of action for lack of jurisdiction over the subject matter.

As to Tubeco's second cause of action, claiming violation of the Lanham Act, 15 U.S.C. § 1125, the District Court found that, "in light of the probative facts upon which Tubeco relies, the second cause of action is clearly beyond the purview of the Act" (Opinion, p. 19) (A 246), and dismissed the action for failure to state a cognizable claim under the Lanham Act.

Apparently Tubeco agrees with the District Court's holding with respect to the alleged Lanham Act violations since no mention is made of the alleged Lanham Act violations in Tubeco's Appeal Brief.

Although not specified in the Notice of Appeal, it is appellees' understanding, not only from Appellant's Appeal Brief but also from discussions with appellant's attorneys, that appellant is appealing only the dismissal of the first cause of action alleging a patent controversy, and is not



appealing the District Court's dismissal of the second cause of action based upon alleged violations of the Lanham Act. Accordingly, Appellees' Brief deals only with the District Court's dismissal of the first cause of action relating to the alleged patent controversy.

D.

THE ALLEGATIONS OF ERROR PRESENTED ON APPEAL

The decision of the court below is well-reasoned and skillfully written. It reflects not only the most careful consideration given to the case by the Court, but also the Court's full understanding of the evidentiary facts and the controlling law to be applied to the evidence presented on the issues before it.

Since appellant is unable to point to any error of law by the District Court, in its desperation to find reversible error, Tubeco in a last ditch effort to continue its harassment of defendants in a federal forum requests this Court to reverse the lower court's decision on the weak and shallow assertion that the decision was predicated on three "inaccurate premises".

The alleged "inaccurate premises" asserted by Tubeco to have been made by the District Court are, at most, a "red herring" and of no legal significance to the real issues before this Court. The alleged "inaccurate premises" are:

"(a) That Tubeco had abandoned its allegation that it was threatened either expressly or by implication;

(b) That Tubeco conceded that it did not infringe Crippen's patent; and

(c) That Tubeco conceded that apprehension of infringement suits against customers provided no basis for the bringing of this declaratory judgment action."

Not only is the evidence in this case contrary to Tubeco's position with respect to each of the alleged inaccurate premises of the District Court but, even if Tubeco is correct as to what it had not abandoned or conceded, that affords no legal basis for a reversal of the District Court's decision.

With respect to the first alleged "inaccurate premise" of the District Court, i.e. that Tubeco abandoned its allegation that it was threatened either expressly or by implication, the fact remains, and the record below clearly supports the District Court's finding, that there was no threat of patent infringement by Crippen against Tubeco and/or its customers. Further, the record below clearly supports the District Court's finding that when suit was brought against Crippen, Tubeco had no basis whatever for any "reasonable apprehension" that it would be sued under the Crippen patent.

As to the alleged second "inaccurate premise", whether or not Tubeco conceded that it did or did not infringe the



Crippen patent is not a controlling factor. What is controlling is the conduct of Crippen at the time of the filing of the lawsuit with respect to the Crippen patent in its relation to Tubeco's activities. As found by the District Court, the overwhelming evidence is that it was always Crippen's position that neither Tubeco's activities nor that of its customers infringed the Crippen patent. Thus, Crippen has created no justiciable controversy with respect to the Crippen patent. At most, Tubeco's concern is of a hypothetical nature, but "fearful conjecture" does not create a justiciable controversy.

As to the third alleged "inaccurate premise", that Tubeco conceded that apprehension of infringement suits against customers provided no basis for bringing of the declaratory judgment, as will be discussed later in detail, not only did the District Court correctly rely upon the parties' Stipulation to this effect, but also, Tubeco did not offer a scintilla of evidence showing either reasonable apprehension on its part because of threats to customers, or customer apprehension, or loss of business or other economic harm to either Tubeco or its customers, as a result of Crippen's activities with respect to the Crippen patent.

E.

A R G U M E N T

I. THE DISTRICT COURT CORRECTLY FOUND THAT TUBECO FAILED TO SUSTAIN ITS BURDEN OF SHOWING ANY JUSTICIABLE PATENT CONTROVERSY

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As the District Court correctly held, a party seeking to invoke the jurisdiction of a federal court has the burden of demonstrating that the case is within the competence of that court. It is presumed that a court lacks jurisdiction over the subject matter in a particular case, and to rebut this presumption the plaintiff must allege facts that disclose the existence of jurisdiction. Bingham v. Cabot, 3 U.S. 302 (1798). If these facts are denied, as in the case at bar, the burden is upon the party claiming jurisdiction to demonstrate that jurisdiction of the subject matter exists, McNutt v. General Motors Acceptance Corp., 298 U.S. 178 (1936), and that burden can only be discharged by proper probative evidence. Gyromat Corp. v. H. G. Fischer & Co., \_\_\_ F. Supp. \_\_\_, 167 U.S.P.Q. 326, 329 (N.D.Ill. 1970); Thermo-Plastics Corp. v. International Pulverizing Corp., 42 F. Supp. 408, 410 (D. N.J. 1941).

Here, appellant sought to invoke jurisdiction in the District Court on the basis of an alleged cause of action under the Declaratory Judgment Act.

The Declaratory Judgment Act requires "a case of actual controversy within its jurisdiction" (28 U.S.C. § 2201) before a federal court can entertain an action brought under that Act. Where the case is alleged to arise under the patent laws\*, as in plaintiff's first cause of action with respect to the Crippen patent, the courts universally find an "actual" controversy to exist only when there is established both (1) a threat or reasonable apprehension of liability for patent infringement and (2) actual infringing activity or the immediate intention and ability to enter into such infringing activity.

The District Court, as discussed on pages 13-20 and 26-30, infra, correctly found that there was neither a threat by Crippen of patent infringement nor reasonable apprehension on the part of Tubeco that it would be sued under the Crippen patent unless tribute was paid to Crippen. This being the case, the court properly dismissed Tubeco's cause of action relating to the Crippen patent.

Since there was no threat of patent infringement by Crippen nor reasonable apprehension on the part of Tubeco, it was not necessary for the District Court to make any findings with respect to whether or not Tubeco's activities infringed the Crippen patent. The District Court did find that at no time did Crippen claim that Tubeco's activities infringed the Crippen patent. The District Court also noted that Tubeco

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\* 28 U.S.C. § 1338 . . . (a) "The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks . . . ."



in its Complaint asserted non-infringement. Whether Tubeco's assertion of non-infringement may be considered an "alternative pleading", as contended at page 11 of Appellant's Brief, so as not to be inconsistent with its belated post-complaint position that it infringes at least one of the claims of the Crippen patent is of no significance. As pointed out hereinafter in detail (pages 22-24, infra), what is important in determining a justiciable patent controversy is what the defendant-patentee's conduct has been on the question of infringement, not what the plaintiff alleges. As the District Court correctly found, Crippen's conduct, as discussed hereinafter on pages 13-30, infra, clearly establishes that there was neither a threat of infringement by Crippen nor a basis for reasonable apprehension on the part of Tubeco that its activities were such that it would be sued for patent infringement unless tribute was paid to Crippen.

II. THE DISTRICT COURT CORRECTLY FOUND THAT CRIPPEN  
MADE NO THREAT AGAINST TUBECO OF PATENT INFRINGEMENT,  
EITHER DIRECTLY OR INDIRECTLY

The District Court correctly found that Crippen made no threat of patent infringement against Tubeco. The record below overwhelmingly supports that finding.

(1) Crippen Disclaims Infringement by Tubeco

As found by the District Court on pages 9-10 of its Opinion (A 236-37):

"Exhaustive discovery by deposition and inspection has produced only repeated disclaimers by Crippen in the most unequivocal terms that (1) Crippen's patent has been infringed by Tubeco's methods of pipe bending; (2) Crippen has threatened or authorized anyone to threaten Tubeco with infringement; or (3) Crippen has accused or threatened any customer of Tubeco with infringement or suit. Indeed, the parties have stipulated for purposes of this motion that Tubeco:

'shall not rely upon any such alleged conversations between plaintiff and its customers as evidence of plaintiff's apprehension that it or its customers would be sued for infringement of the Crippen patent, or as evidence that plaintiff or its customers would suffer loss of business or other economic harm as a result of the Crippen patent; plaintiff shall not rely upon any stated customer's apprehension that it would be sued for infringement of the Crippen patent as a basis for plaintiff instituting this lawsuit; and plaintiff shall not rely on the alleged fact that such conversations took place. . . .'"\*(Emphasis added)

The above findings of the District Court are fully supported by the record below. As shown infra, pp. 15-19, Crippen, both in affidavits and by deposition testimony of Mr. Crippen, has denied threatening anyone with infringement, and Tubeco's own witnesses fully support Crippen's disclaimers.

Tubeco's assertion at pages 12-14 of Appellant's Brief that the District Court misread the parties' Stipulation precluding Tubeco from relying upon customer apprehension as a basis for bringing suit against Crippen is patently without merit. In any event, the fact remains that the record is barren of a single instance of customer apprehension concerning the Crippen patent.

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\* See Stipulation and Order approved by the District Court dated March 15, 1974 (A 83-84).

(2) Tubeco's Witnesses Agreed Crippen Made  
No Threats of Infringement

Plaintiff has not adduced a scintilla of evidence contradicting either the deposition testimony of Mr. Crippen (A 108-09), or the affidavits of Crippen (A 24-33), Wallace (A 39-42) and Stewart (A 34-38) filed by defendants in support of defendants' position that neither Tubeco, nor any customer of Tubeco, nor anyone else has ever been threatened, accused or charged with infringement of the Crippen patent.

To the contrary, all of the deposition testimony of plaintiff's own witnesses fully supports the defendants' affidavits and testimony in this regard.

Thus, the Tubeco witnesses, to a man, agreed that Crippen had come to Tubeco with a hot-pipe bending process and apparatus that he considered to be "an improvement", or "something different" from the hot-pipe bending practices carried out at Tubeco and, indeed, that Crippen considered his invention to be "revolutionary" in the pipe industry:

Wesler Testimony:

"Q Well, now, could you tell me what the substance of that [first] meeting was?

"A Mr. Crippen indicated that he had some new and revolutionary concepts in hot-bending, and he would like to sell them to us." (Wesler Tr. 114-115) (A 185-86) (Emphasis added)

...

"A I was aware only of what he told me, that he was seeking a patent for a new hot-bending system. And that is what I was aware of." (Wesler Tr. 117) (A 187) (Emphasis added)

...



"Q What was the purpose of the ["second"] meeting, if you recall?

"A For the reason I have given previously, that Mr. Crippen indicated he had a new and improved method of hot-bending and we were interested in seeing what it was." (Wesler Tr. 357) (A 197) (Emphasis added)

. . .

"A Mr. Crippen had indicated that he had a feature or a system that he wanted to sell to us or equipment that he wished to sell to us." (Wesler Tr. 358) (A 198)

\* \* \* \*

Webber Testimony:

"A The hearsay was that Mr. Crippen had invented something that could revolutionize the pipe industry." (Webber Tr. 10) (A 214) (Emphasis added)

\* \* \* \*

Green Testimony:

"Q Can you recall any part of the substance of what Mr. Crippen stated at that meeting?

"A Well, to the effect that this was an improvement on the bending -- hot bending." (Green Tr. 30) (A 218) (Emphasis added)

. . .

"Q Do you recall Mr. Crippen stating that he had improvements on the Tubeco process?

"A That's what he had made a statement, that it was an improvement." (Green Tr. 30) (A 218) (Emphasis added)

\* \* \* \*

Katz Testimony:

"A . . . [A]s I recall, he [Wesler] said something like, 'Hank [Crippen], are you trying to peddle us our own method?' And Mr. Crippen said no, he has something different. Mr. Wesler

was in the room I would say about half a minute longer. And then he just stormed out of there." (Katz Tr. 269-70) (A 221-22)

. . . .  
"A . . . [I]t [the Crippen patent] was advertised to us that there was a brand new method which would permit us to bend with zero tangents and no planes which would eliminate wrinkles, which would crease all kinds of things that have not been dreamed possible." (Katz Tr. 280) (A 223) (Emphasis added)

Plaintiff's Memorandum in Opposition to Defendant's Motion to Dismiss contains a similar admission as to defendants' subsequent marketing efforts on behalf of the Crippen company:

"The letters, the brochure, the report and the articles all highlighted the Crippen 'invention' (U.S. Patent No. 3,456,468 in suit) as representing a significant improvement over any equipment or method currently in use in industry." (at p. 6) (Emphasis added).

Furthermore, the Tubeco witnesses, to a man, agreed that Crippen had never stated or threatened that Tubeco infringed his patent, and Tubeco's president Wesler went on to testify that he put the matter of the Crippen patent out of his mind after the "second" meeting (which occurred between July, 1969-July, 1970), and that he recalled no further contact with Crippen from that time up to the filing of the Complaint (which occurred on February 13, 1973):



Green Testimony:

"Q Do you recall during that time that you attended the meeting that Mr. Crippen made any statement to the effect that Tubeco was infringing his patent?

"A I don't recollect anything like that.

"Q Has he ever told you that, to your recollection.

"A No.

. . . .

"Q Has anyone at Tubeco ever stated to you that Mr. Crippen had accused Tubeco to (sic) infringing his patent?

"A I have no recollection."

(Green Tr. 33) (A 219)

\* \* \* \*

Webber Testimony:

"Q At the meeting, do you recall if Mr. Crippen threatened Mr. Wesler or Tubeco with a lawsuit for infringing his patent?

"A I don't recall that." (Webber Tr. 55) (A 217)

\* \* \* \*

Katz Testimony:

"Q Do you recall if Mr. Crippen stated at that meeting that Tubeco was infringing his patent?

"A No, I can't recall those words.

"Q Has he ever told you that at that meeting or subsequently thereto or prior to that meeting?

"A No.

"Q Do you recall if there was any discussion at all during that meeting attended by Mr. Wesler and the other gentlemen as to the claims of Mr. Crippen's patent?

. . . .

"A No." (Katz Tr. 286-87) (A 224-25)

\* \* \* \*

Wesler Testimony:

"A I put it [the Crippen patent] out of my mind after that second meeting. . . .

"Q Did you have any apprehension as to whether Mr. Crippen might at some time use this patent against your interest?

"A I had no apprehension because I thought that was the end of the matter. I thought that he wanted to make a collection of some money and he had not been successful in that area, and that that would be the end of it.

"Q Between that period of time and when you actually brought the lawsuit, did Mr. Crippen make any threats to you which caused you to change that thought?

"A To the best of my memory I had no further contact with Mr. Crippen after that meeting."  
(Wesler Tr. 367-68) (A 201-02) (Emphases added)

(3) Ar Offer to License Is Not A Charge of Infringement

Tubeco further attempts to make a justiciable patent controversy out of the fact that Mr. Crippen offered to license Tubeco under his improvement patent. The District Court correctly found, both as a matter of fact and as a matter of law, that Mr. Crippen's offer to license Tubeco under his improvement patent was not a threat of infringement, which would provide a legal basis for asserting the existence of a justiciable controversy and invoking the Declaratory Judgment Act, but, on the contrary, was merely a "logical and friendly approach" to his former employer (Tubeco) "whom he wished to interest in what he thought to be cost-saving improvements in the employer's methods" (Opinion, p. 15) (A 242).

It is hornbook patent law that a mere offer to license a patent does not constitute a charge of infringement or threat of suit contemplated by the Declaratory Judgment Act.

In Alamo Refining Co. v. Shell Development Co., 99 F. Supp. 790 (D. Del. 1951), the Court held that such efforts in attempting to develop interest in a patented invention do not constitute a charge of infringement or threat of suit contemplated by the Declaratory Judgment Act, as follows:

"I think a strong public policy should exist to permit the unrestricted offering of a patent license. The owner of a patent is fettered if the mere offer of a license, without an accompanying charge of infringement or threat of suit, would expose the patentee to a declaratory judgment action. The offer of a license does not have the character of a charge of threat."  
(at p. 795) (Emphasis added).

Similarly, in American Needle and Novelty Co. v. Schuessler Knitting Mills, Inc., 258 F. Supp. 98 (N.D. Ill. 1966), mod'f'd on other grounds, 379 F.2d 376 (7th Cir. 1967), the Court held:

"... the offering of licenses under the patent does not constitute the type of threatened activity which justifies a declaratory judgment suit." (at p. 103)

Defendants have not in the past charged plaintiff Tubeco with infringement of the Crippen patent, nor do they today charge Tubeco with any such infringement, and plaintiff



has adduced no evidence to the contrary. Furthermore, defendants have stated in the past, and here state again, their willingness to enter into a formal concession that Tubeco's practices as of the time of the filing of the instant lawsuit do not constitute infringement of the patent in suit.

This Court held in Drew Chem. Co. v. Hercules, Inc., 407 F.2d 360 (2d Cir. 1969), that such a formal concession ended the controversy between the parties to that action:

"There are cases which hold that a declaratory judgment action is properly accepted in the courts when there is an actual expressed intention to sue . . . But here, as Hercules points out, there has been a formal concession that the patent was not infringed and that Hercules has no present intention to sue. Furthermore, there is no allegation of harassment or threats to harass Drew's customers-another common ground for a successful declaratory judgment action in patent cases. . . ." (at p. 362) (Emphasis added).

In Drew, there even had been an earlier charge of infringement during license negotiations, whereas here no charge of infringement has ever been made. In both Drew and the present case there were no harassment or threats to the plaintiff's customers.

III. THE DISTRICT COURT CORRECTLY FOUND THAT TUBECO FAILED TO SATISFY ITS BURDEN OF SHOWING "REASONABLE APPREHENSION" WITH RESPECT TO THE CRIPPEN PATENT

(1) Defendant Patentee Crippen's Conduct Is Controlling

Defendants, as recognized by the District Court, have not contended that the threat, charge or accusation of patent infringement need be direct, explicit or specific in order to sustain a declaratory judgment action under the patent laws. However, all authorities hold, and defendants urge here, that there must be some conduct on the part of the patentee that reasonably leads the plaintiff to believe that he or his licensee or customer will be sued for patent infringement.

As aptly stated by Judge Coolahan in Japan Gas Lighter Ass'n v. Ronson Corp., 257 F.Supp. 219, 237 (D. N.J. 1966):

"... Such an action must be based on the plaintiff's well grounded fear that should he continue or commence the activity in question, he faces an infringement suit or the damaging threat of one to himself and his customers. The touchstone is a reasonable apprehension [Court's emphasis]. There must be, in other words, some concrete indication that the defendant patentee claims the plaintiff's activity infringes his patent, and also that he will act affirmatively to enforce the protection which he claims. . . . (Emphasis added)

"... neither academic interest nor cautious speculation will suffice. 'The mere existence of the [defendant's] patent is not a cloud on title

enabling any apprehensive manufacturer to remove it by suit. Treemond, supra, 122 F.2d at 706. [Treemond Co. v. Schering Corp., 122 F.2d 702 (3d Cir. 1941)]. The plaintiff's fearful conjecture that at some future time the defendant may initiate infringement proceedings will not support the suit. Hartford, supra, 219 F.2d at 570-571. [Hartford Nat'l B. & T. Co. v. Henry L. Crowley & Co., 219 F.2d 568 (3d Cir. 1955)]."

The Court in the Japan Gas Lighter case recognized that it is the defendant patentee who must by some concrete indication claim that the plaintiff infringes and went on to hold that the defendant patentee's conduct in that regard is the critical, controlling factor. Thus, in assessing the case of Dewey & Almy Chem. Co. v. American Anode, Inc., 137 F.2d 68 (3d Cir. 1943), Judge Coolahan stated in Japan Gas Lighter, supra:

"In short, the controlling factor in Dewey was the defendant patentee's expressed view of the relation between his patent and the process used by the plaintiff; it was not necessarily the plaintiff's own view or even the view which a Court would have reached after full litigation on the issue of infringement." (at pp. 239-240) (Emphasis added).

The Japan Gas Lighter Court thus held:

". . . if Ronson [defendant-patentee] has in fact intimated publicly that lighter designs of the type used by plaintiffs infringe its own, that is the critical assertion." (at p. 240) (Emphasis added).

Similarly, in Hartford Nat'l B. & T. Co. v. Henry L. Crowley & Co., 219 F.2d 568, 570 (3d Cir. 1955) (analyzed in detail in the Japan Gas Lighter case, supra, in footnote 41 at 257 F. Supp. 240), where only the plaintiff (Phillips)



and not the defendant (Crowley) had ever claimed a similarity between the plaintiff's product and the defendant's patent, the declaratory judgment suit was dismissed as being purely conjectural. There, as here, the defendant had specifically stated in writing that the plaintiff's product did not infringe. Thus, Hartford again demonstrates that it is the defendant's position which is the critical, controlling factor.

(2) Tubeco's Claim of Infringement Is Not Controlling and Is Devoid of Probative Evidentiary Support

In Paragraph 13 of the Complaint (A 9), plaintiff alleges non-infringement of the Crippen patent. This fact was noted by the District Court. In an obvious attempt to create a justiciable patent controversy in the face of defendant's Motion to Dismiss, plaintiff after the filing of the Complaint asserted infringing manufacture and use in the affidavits of plaintiff's Manager of Engineering, Lyber Katz (A 56-64), and plaintiff's trial counsel, Roy C. Hopgood (A 65-71), which affidavits are directly contrary to the allegation of non-infringement contained in Paragraph 13 of the Complaint.

Whether Tubeco's belated assertion of infringement is inconsistent with Paragraph 13 of its Complaint asserting non-infringement, or consistent with its pleading on the ground of alternative pleadings, as argued by Tubeco in its Appeal Brief, is not controlling on the issue of whether a

justiciable patent controversy exists. Consequently, as previously pointed out at pages 10, 22-24, supra, it was unnecessary for the District Court to make any findings on the question of infringement of the Crippen patent by Tubeco's activities.

Thus, assuming, arguendo, Tubeco's assertion of infringement is not inconsistent with its pleadings then, here, as in the Hartford case, supra, it is only the plaintiff Tubeco, not defendant Crippen, who claims infringement. Here, as in the Drew and Hartford cases, defendant Crippen explicitly disavows any infringement by the plaintiff Tubeco. Here, defendant Crippen has never made the critical, controlling assertion of an adversary claim against Tubeco. See Japan Gas Lighter and Hartford, supra.

On pages 9-10 of its Appeal Brief, Tubeco presents a comparison between Claim 11 of the Crippen patent\* and the Tubeco process and asserts that "every single word, element, phrase and line in this claim was part of Tubeco's regular commercial practice for the preceding ten years."

While the question of whether Tubeco's belated claim of infringement of Claim 11 of the Crippen patent is of any merit is academic with respect to the issues on appeal, the above-quoted statement in Tubeco's Brief is so totally

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\* No other claim of the Crippen patent (EB 515-25), which contains 12 claims, is mentioned by Tubeco.



lacking in evidentiary support that defendants feel compelled to comment briefly on Tubeco's groundless allegation of infringement.

Thus, contrary to Tubeco's claim of infringement, the numerous photographs and measurements of the Tubeco dies annexed as Exhibits 1-6 and 7-11, respectively, to the Crippen Supplemental Affidavit (EB 491-514) dramatically reveal the lack of substance in Tubeco's allegation of infringement of Claim 11. As stated in Paragraphs 8(a)-(c) of the Crippen Supplemental Affidavit (A 81-82), these exhibits clearly show that the Tubeco dies never encase the pipe being bent to any degree remotely approaching 180°. Furthermore, the photographs clearly demonstrate that only a cursory visual inspection of the Tubeco dies is necessary to show that they are incapable of any use that would infringe the claims of the Crippen patent.

(3) The Record Below is Devoid of Support for "Reasonable Apprehension" by Tubeco

The District Court in considering the question of whether reasonable apprehension existed on the part of Tubeco when it initiated action against Crippen concluded:

"A searching examination of the extensive record reveals not the slightest support for such an apprehension." (Opinion, page 14) (A 241).

The record below permits no other conclusion.

(a) The Wesler Affidavit Asserts No Infringement Threat

The Wesler Affidavit (A 44-49), filed in support of plaintiff's opposition to defendants' Motion to Dismiss bears out the lack of any actual controversy in existence at the time of the filing of the Complaint, Thus, Wesler, Tubeco's president, at Paragraph 15, merely states that the lawsuit was brought

"... to foreclose any possible suits by Crippen against either Tubeco or its customers and to foreclose any threats against customers." (A 49) (Emphasis added.)

No threat, accusation or charge of patent infringement by Crippen against Tubeco or its customers is alleged by Wesler, either direct or indirect, specific or general, explicit or implicit. Rather, Tubeco's president simply boldly asserted that the instant lawsuit was brought to foreclose the possibility of any suit and to foreclose "any threats" against customers. As the District Court properly observed in its decision, fear alone of sometime being sued for patent infringement, based solely on conjecture, does not convey jurisdictional basis for declaratory judgment relief in this Circuit. Drew Chem. Co. v. Hercules, Inc., supra, at p. 362.

(b) Wesler's Deposition Testimony Is Either Sharply Contradicted Or Contrary to Documentary Evidence

On deposition examination, Wesler testified that plaintiff's decision to file the instant suit was based

upon two events\*, these two events being the only basis for Tubeco's alleged apprehension for filing suit: (1) a visit by a bank representative\*\*, whose name Mr. Wesler at the time could not recall but who allegedly told him that Crippen had stated that Tubeco was using the Crippen patented process and was paying Crippen a fee for such usage (Wesler Tr.368,370-71) (A 202, 204-05); and (2) publicity items concerning the formation of Crippen's new company and linking Crippen to Tubeco by referring to his "leading competitor in the area" (Wesler Tr. 373)(A 208).

As to the first reason alleged by Mr. Wesler as a basis for bringing suit, i.e., that Henry O. Crippen stated to Mr. Reed, the bank representative, that Tubeco was using the Crippen patented process and was paying Crippen a fee for such usage, the deposition testimony of Mr. Crippen and the affidavit testimony of Mr. Reed unequivocally refute that such alleged statements were ever made.

Thus, Mr. Crippen (Crippen Tr. 72-73)(A 108-09) testified as follows:

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\* Although Wesler testified that telephone calls from several customers regarding the Crippen patent was a third factor causing him to file the suit, plaintiff's attorneys stipulated that this factor would not be relied upon to show apprehension of infringement. This was done in order to preclude defendants from inquiring into the content of the alleged telephone calls. See Stipulation and Order dated March 15, 1974 (A 83-84).

\*\* Defendants were able to locate the bank representative, Howard C. Reed, and his affidavit is of record (A 72-76).



"Q Do you recall specifically at any time ever saying to a member of a bank . . . that you had licensed Tubeco, and were to collect royalties for Tubeco's use of your patent?

"A No; definitely no.

"Q Do you recall ever saying to anybody that you intended to collect royalties by reason of Tubeco's use of your patent?

"A Never.

"Q Do you recall saying or suggesting that you had sold the patent, or had licensed it to Tubeco?

"A No.

"Q My question is designed to apply to all banks, whether or not they became backers. And is your answer still the same?

"A. I never said anything to a bank or banks about Tubeco licensing the patent, about Tubeco's intention to license the patent. I never said this to any banks or financing people, period.

"Q How about others outside the circle of banks and finance people?

"A I never said this to anybody.

"Q Do you know of any such statements being made on behalf of Crippen Pipe Fabrication Corporation?

"A No."

(Emphasis added.)

As previously noted, defendants were able to locate the bank representative referred to by Mr. Wesler, a Mr. Howard C. Reed, who at the time was employed by the Morgan Guaranty & Trust Co. in New York, and is presently residing in Louisville, Kentucky.

In Paragraphs 9 and 14 of his Affidavit (A 74-76), Mr. Reed unequivocally denies that he ever expressly or impliedly stated that he had been advised by Crippen that Tubeco was paying Crippen for using the Crippen patented process.

In addition, Mr. Reed swears in Paragraph 5 of his Affidavit that:

"5. At the time I visited with Mr. Wesler at the Tubeco plant, (a) I had not met Mr. Crippen; (b) I did not know that Mr. Crippen was an ex-employee of Tubeco; (c) I had not seen Mr. Crippen's patent; (d) I did not know what Mr. Crippen's hot pipe bending process involved; and (e) I did not know that the Crippen process needed or was a patented procedure."

With respect to the second reason alleged by Mr. Wesler for bringing suit, i.e., publicity items linking Crippen to Tubeco, the items referred to are ICBO Newsletter, Fall 1972\* and American Metal Market, February 15, 1973\*\*. However, contrary to Wesler's testimony, the ICBO Newsletter makes no reference at all to Tubeco. As to the American Metal Market news release, while it refers to Crippen's competitor in the area, that publication is dated February 15, 1973, two days after the lawsuit was filed.

Consequently, both events asserted by plaintiff's president Wesler in his deposition as the reason for filing the instant lawsuit are either sharply contradicted by Crippen and Reed or are contrary to documentary evidence in the record below.

(c) Tubeco's Delay in Filing Complaint Evidences No Apprehension At All of an Infringement Suit by Crippen

Plaintiff's further contention that the Tubeco-Crippen meetings in 1968-70 created apprehension in Tubeco of a

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\* Plaintiff's Deposition Exhibit ("PDX") 2 (EB 256-57).

\*\* PDX 10 (EB 355).

patent infringement suit against it by Crippen ignores the law and, in any event, is belied by (i) plaintiff's inaction for 3 1/2 years after the Crippen patent issued before filing its Complaint, and (ii) plaintiff's admission that suit was brought only after defendants obtained sufficient financial resources to become a potentially viable competitor.

As pointed out supra, at pages 19-20, the offer of a patent license is not a threat of an infringement suit. To the contrary, Chief Judge Leahy held in Alamo that "a strong public policy should exist to permit the unrestricted offering of a patent license . . . and . . . [should not] expose the patentee to a declaratory judgment action" (99 F. Supp. at 795). Judge Leahy further noted in the Alamo case that:

"No case has been cited and I have found none where it has been held the offer of a license by a patentee or his agent gives rise to a justiciable controversy, absent a charge of infringement or a threat of suit" (p. 795)

and that:

" . . . seven [7] years have elapsed . . . and there is no record of any suit brought by defendants against any one for infringement of any of the . . . patents. . . ." (p. 795),

The facts of the instant case are similar to Alamo. Here, approximately 3 1/2 years since the issuance of the Crippen patent elapsed before Tubeco filed its Complaint, and defendants had brought no actions for infringement of the Crippen patent against anyone\*.

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\* Crippen Supplemental Affidavit, Para. 9 (A 82).



Tubeco, through its president Wesler, as well as other personnel, knew of the Crippen pending patent application at least as early as March, 1968 [Wesler Tr. 121, 353(A 189, 195); Defs. Wesler Dep. Exhs. 6-7 (EB 457-60), and Katz Dep. Exh. 6 (EB 481-84)], but took no action against Crippen even though Wesler consulted an attorney at that time (Wesler Tr. 135, 354) (A 191, 196). Wesler testified that:

"I did not at that time, nor do I now feel that he [Mr. Crippen] had the expertise to involve anything new that I would take seriously." (Wesler Tr. 122)(A 190).

Similarly, although Mr. Wesler testified that he was concerned about the Crippen patent when he first saw it in about July, 1969 - July, 1970, he reviewed the patent for less than one-half hour (Wesler Tr. 360-61) (A 199-200), the "review" comprising looking only at Figure 1 of the patent (Wesler Tr. 148)(A 192) and never actually reading through the patent specification (Wesler Tr. 308)(A 193), and he had no further concern as to the patent after he told Crippen that he was not interested in paying any money for its use (Wesler Tr. 367-8)(A 201-02).

Furthermore, Wesler testified that after the second Crippen-Tubeco meeting, which was held some time between July, 1969 - July, 1970 (Wesler Tr. 119)(A 188), he had no further contact with Mr. Crippen concerning the Crippen patent (Wesler Tr. 353, 368)(A 195, 202) up to the February 13, 1973 filing date of the Complaint.

Defendants submit that, at the very least, this delay in filing the Complaint, totalling some five (5) years from the time Tubeco first knew of the Crippen pending application, demonstrates the lack of any apprehension at all on the part of Tubeco of a suit by Crippen for infringement of his patent.

Plaintiff's asserted apprehension of suit by Crippen is thus vividly exposed for exactly what it is -- a self-serving, thinly veiled guise for attempting to obtain federal jurisdiction under the Declaratory Judgment Act, obviously designed to dissipate defendants' financial and manpower resources in defending a lawsuit during its critical starting-up stages and to discourage further financial assistance by defendants' backers.

Plaintiff's ploy in asserting a patent controversy where none exists is directly contrary to the spirit of the Declaratory Judgment Act. The purpose and objective of that Act with respect to patents was to prevent a patent owner from harassing lawful competitors with threatening infringement suits while withholding filing suit so that the validity of the patent could not be contested. Congress never intended the Declaratory Judgment Act to be a tool for harassment of a patent owner by a competitor where there is no threat of infringement or reasonable apprehension of a suit. This Court is well aware of

the possibility of one improperly asserting the Declaratory Judgment Act to unfairly harass a patent owner. In Wembley, Inc. v. Superba Cravats, Inc., 315 F.2d 87 (2d Cir. 1963), this Court in recognizing that there must be a justiciable controversy and that a plaintiff should not be permitted to use the Declaratory Judgment Act to harass a patent owner, stated:

"It would be the supreme irony if in ruling otherwise we opened the door to a new 'racket' to take the place of the one the declaratory remedy was designed to extirpate. We need not expatiate on the methods which human ingenuity is capable of devising to take advantage of patentees whose rights, no less deserving of protection than others, may be of minimal significance in the general scheme of things."  
(at p. 91)

IV. THE DISTRICT COURT CORRECTLY FOUND THAT ABSENT A JUSTICIABLE CONTROVERSY AS TO THE CRIPPEN PATENT IT LACKS PENDENT JURISDICTION FOR ANY CLAIM OF UNFAIR COMPETITION\*

On pages 3-9 of Appellant's Brief, Tubeco presents a soap-opera history of Crippen's employment with Tubeco and Crippen's alleged wrongdoing with respect to the Crippen patent. The District Court correctly found these assertions of wrongdoing to constitute a charge of unfair competition which, irrespective of the merit of such a claim, is not a basis for federal jurisdiction:

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\* It is undisputed that there does not exist any basis for federal jurisdiction based on diversity of citizenship [28 U.S.C. § 1332(c)].



"Tubeco's claim is patently a contention that the invention embodied in the Crippen patent was stolen from Tubeco, that fraud was perpetrated in obtaining its issuance, and that misrepresentations were made in Crippen's attempts to exploit it. This accounts for the detailed exploration in the record of Crippen's knowledge of Tubeco's processes and apparatus, his obtaining of photographs and drawings even after he left Tubeco, and the extensive review of correspondence, brochures, reports and contacts with companies whom Crippen sought to interest as prospective licensees or potential customers for pipe bending services after Tubeco turned him down. It also explains the detailed analysis of the patent in comparison with Tubeco's processes. There may or may not be merit in such a claim, see 2 Callmann, Unfair Competition, Trademarks and Monopolies §§ 52.2, 54.2, 54.2(a) and (b) (3d ed. 1969), but it is not one which may be litigated here." (Opinion, p. 16) (Emphasis added).

\* \* \* \*

"To the extent that Tubeco asserts any rights in the patented invention, the gravamen of the claim would be breach of the contract of employment. Diversity of citizenship, lacking here, would be required to prosecute such a claim in a federal court. See, e.g., Jamesbury Corporation v. Worcester Valve Company, 443 F.2d 205, 170 U.S.P.Q. 177 (1 Cir. 1971). That would also be the case if the claim is construed as a charge of unfair competition. See n.19 supra." (Opinion, p. 17) (Emphasis added)

28 U.S.C. § 1338(b) provides, in pertinent part, that:

"(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the . . . patent . . . laws."

Since, as correctly stated by the District Court, the District Court lacks jurisdiction to determine the validity of the Crippen patent under the Declaratory Judgment Act, there

is no "substantial and related claim" under the patent laws and the District Court therefore lacks "pendent" jurisdiction to determine claims of unfair competition.

Under similar facts to those of the instant case, the Court in American Needle, supra, after determining that it lacked jurisdiction to declare a patent invalid under the Declaratory Judgment Act, there held that it also lacked jurisdiction of an unfair competition claim, as follows:

"The Court lacks jurisdiction of the subject matter of Count II relative to unfair competition. For the Court to have jurisdiction of a count sounding in unfair competition when joined with a federal question, the Court must first have jurisdiction of the federal question. Hurn v. Oursler, 289 U.S. 238, 240, 53 S.Ct. 586, 77 L.Ed. 1148 (1932)." (258 F.Supp. at 105)

Tubeco's misleading or unfounded recitations at pages 4-8 of its Appeal Brief concerning Crippen's past relationship with Tubeco\*, his discussion and illustration of Tubeco's practices\*\* and his alleged use of Tubeco drawings depicting

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\* No allegation of trade secret appropriation is contained in the Complaint and plaintiff's counsel during the Wesler deposition examination stated bluntly "This isn't a trade secret suit." (Wesler Tr. 35) (A 182).

\*\* The practices of at least seven (7) other hot pipe bending companies of which Crippen was also knowledgeable were also illustrated and discussed as representative of industry practices in a series of 25 slides, marked by plaintiff as PDX 36-1 through 36-25 (EB 485-90) (Crippen Tr. 349-50) (A 158-59), but ignored in its argument below and in its Appeal Brief here. Although plaintiff onerously argues that Crippen's personal photographs of Tubeco's equipment were taken without its knowledge or permission (Appellant's Brief, p. 6), none was more explicit or complete than can be seen in Tubeco's own brochure, marked as Defs. Wesler Dep. Exh. 12 (EB 461-80), printed in about the year 1960 (Wesler Tr. 350) (A 194).

Tubeco bends\* in soliciting sales orders for his company, and various other alleged factual inaccuracies relating to defendant Crippen's marketing efforts, and the marketing efforts of others on Crippen's behalf\*\*, to launch the new Crippen company, are totally irrelevant to establishing a patent controversy between the parties as they evince absolutely no claim whatever by Crippen that Tubeco infringes his patent.

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\* This allegation is, in any event, unfounded. No Tubeco drawings were Xeroxed on Crippen letterheads. The drawings in question were made from model wire bends and dimensions were provided by Crippen and his draftsman. [Crippen Tr. 236, 245 (A 120, 129); Webber Tr. 44 (A 216)] Tubeco asserts no proprietary rights in the bend configurations, per se. Furthermore, these drawings do not appear in the patent and obviously do not create any controversy as to the patent.

\*\* Plaintiff on pages 7-8 of its Appeal Brief asserts various factual inaccuracies in trade publication reports and in a confidential Crippen brochure (directed to potential investors). Not one of the alleged factual inaccuracies is remotely concerned with either the scope of the Crippen patent or its infringement by anyone. In addition, the two trade publicity items were not even authored by Crippen and the alleged use of Tubeco drawings in the Crippen brochure is unfounded. Id.



V. THE DISTRICT COURT CORRECTLY FOUND THAT TUBECO'S ASSERTION THAT THE CRIPPEN PATENT WAS OBTAINED BY FRAUD IS IRRELEVANT AS A BASIS FOR FEDERAL JURISDICTION AS ONLY THE GOVERNMENT HAS AUTHORITY TO CANCEL A PATENT OBTAINED BY FRAUD

The District Court correctly found that "to the extent that fraud on the Patent Office in the procurement of the patent is claimed, Tubeco has no standing to sue at all. Only the United States is authorized to maintain a proceeding to obtain cancellation of a patent obtained from it by fraud." (Opinion, p. 16) (A 243).

The essence of plaintiff's charge of fraud in the procurement of the Crippen patent is that the patentee Crippen knowingly misrepresented the state of the art to the Patent Office in not revealing Tubeco's practices and, hence, that Crippen committed fraud on the Patent Office which serves to invalidate his patent.

Irrespective of plaintiff's ultimate success or lack of success on this contention in a case before a proper court, it can provide no jurisdictional basis enabling the plaintiff to maintain the instant lawsuit. The Supreme Court in United States v. The American Bell Telephone Co., 128 U.S. 315 (1888) long ago held that:

"9. The only authority competent to set a patent aside or to annul it, is vested in the judicial department of the Government ....

"10. Congress did not intend, by giving to private individuals the right to set up by way of defense to an action for infringement of a patent that the patentee had surreptitiously obtained the patent ... to supersede the affirmative relief to which the United States is entitled to obtain a cancellation of a patent obtained from it by fraud."  
(Headnotes 9 and 10, at p. 315)

Thus, absent an otherwise judicially recognized controversy, a private litigant has no standing to seek to invalidate a patent, even though fraud in the procurement of the patent is alleged. See also, Eckert v. Braun, 155 F.2d 517, 518 (7th Cir. 1946); Howard v. Archer, 115 F.2d 342 (9th Cir. 1940).

The recent case of Mirarchi v. Porter, 355 F.Supp. 330 (D. Mass. 1973) makes the same point with facts closely similar to those of the instant case. There, the plaintiff sued for declaratory judgment, alleging that defendant had falsely obtained a patent based on his discoveries, wrongfully naming another as inventor, and requested that the patent be invalidated in the defendant's name, that he be named the inventor and owner of the patent, that infringement be enjoined and that he be awarded damages because of the fraud.

In discussing 28 U.S.C. §1338(a), the Mirarchi court noted that "not every case in which a patent is a subject of controversy is one 'arising under' the patent laws," and



dismissed the action for lack of subject matter jurisdiction:

"In this case, the gravamen of plaintiff's complaint is clearly fraud, a theory of action which has as its basis the equitable proscription against unjust enrichment. As such, this action does not arise under the patent laws within the meaning of 28 U.S.C. §1338(a). And this is so even though the plaintiff seeks an invalidation of the patent in the defendant Porter's name." (at p. 332) (Emphasis added.)

The matter was succinctly summed up by Judge Conger of the Southern District of New York in Sachs v. Cluett, Peabody & Co., 91 F.Supp. 37, 38 (S.D. N.Y. 1950) where a declaratory judgment action similar to that of the Mirarchi case was dismissed as follows:

"It is quite clear that this Court is without jurisdiction of the subject matter of the action. The suit does not arise under the patent laws of the United States. The gravamen of plaintiff's charge is that defendant Cluett perpetrated a fraud upon him and he seeks to prevent defendants' use of the fruits of the fraud. The mere fact that he asks that on account of the fraud the patent be invalidated in the hands of defendants does not bring it within the jurisdiction of the Federal Court. After a patent has been issued upon fraudulent misrepresentation, there is no procedure for voiding or cancelling the same except by a proceeding by the United States. ..." (Emphasis added.)



"Further, the fact that the suit is one for a declaratory judgment is not sufficient to give the Court jurisdiction independently of the usual ground. The declaratory judgment procedure is merely a remedy which may be invoked where an actual controversy is present in a case within the jurisdiction of the Court. 28 U.S.C.A. §2201. The amended complaint indicates that there has been a controversy of long standing between plaintiff and defendants, but it is not a justiciable controversy because this Court has no jurisdiction to pass on the cause which started the controversy. The present suit is not within the jurisdiction of the Court, there being no Federal question nor diversity of citizenship." (Court's emphasis.)

VI. PLAINTIFF'S CASE LAW IS INAPPOSITE AND OF NO CONTROLLING EFFECT

Every case cited by plaintiff either flatly does not support plaintiff's proposition, or was decided on an entirely different factual background from the case at bar. As will be seen from the discussion which follows, the instant litigation is completely devoid of facts resembling the facts in any of the cases cited by plaintiff in which the court found a justiciable controversy to exist.

Maryland Casualty Co. v. Pacific Coal & Oil Co. 312 U.S. 270 (1941) was concerned with the issue of an insurer's liability. It is not a patent case. In that case, the Supreme Court held that, unless an actual controversy

exists, the District Court is without power to grant declaratory relief. What constitutes an actual controversy under the patent law is not found in the Maryland Casualty Co. case, but in the cases cited by the District Court in the present case and discussed supra, at pages 22 to 24.

Wallace & Tiernan, Inc. v. General Electric Co., 291 F.Supp. 217 (S.D.N.Y. 1968); Japan Gas Lighter Ass'n. v. Ronson Corp., 257 F.Supp. 219 (D.N.J. 1966); Muller v. Olin Mathieson Chemical Corp., 404 F.2d 501 (2d Cir. 1968); and Blessings Corp. v. Altman, 373 F.Supp. 802 (S.D.N.Y. 1974), all were cited in the District Court's opinion.

In Wallace & Tiernan, Inc. v. General Electric Co., supra, defendant had demanded and collected royalties from its licensees for their use of a product sold to them by plaintiff in making defendant's patented composition. In the Wallace case, it was clear that defendant considered that a particular use of plaintiff's product infringed its patent, and that case thus turned on whether the plaintiff had standing to sue since the allegation of infringement had not been made directly against the plaintiff.

In Muller v. Olin Mathieson Chem. Corp., supra, there had been years of strife and numerous patent interference proceedings between the parties and the Court found evidence



of a developing reluctance on the part of plaintiff's licensees to deal with plaintiff because of defendant's activities concerning its patents.

In Japan Gas Lighter Ass'n. v. Ronson Corp., supra, the defendant had both (1) threatened to sue and had sued others for infringement of the patents in question and (2) publicly expressed the view that the patents were "pioneer" and entitled to a broad scope of protection.

In Blessings Corp. v. Altman, supra, the District Court, in finding that a justiciable controversy existed, noted that the defendants had accused Blessings of infringement and that the prior history of litigation between the parties reveals "no small willingness to contest differences in legal fora. . ." (373 F.Supp. at p. 806).

In Wembley, Inc. v. Superba Cravats, Inc., supra, there was no question as to whether or not there had been a charge of infringement; rather, that case turned on whether the plaintiff had made a sufficient showing of infringement to maintain the action. In Wembley, the defendant had advised the declaratory judgment plaintiff that its product was "covered" by the defendant's patent and that defendant "shall expect" that plaintiff "will respect the patent". (315 F.2d at 89).



In Lances v. Letz, 115 F.2d 916 (2d Cir. 1940), defendant through his attorney asserted that plaintiff's product was an infringement of defendant's patent and stated that the purpose of the letter was "to inform you [plaintiff] of the fact that Miss Letz [defendant] will adopt any and all legal means and procedure provided by the civil law to restrain infringement of her patent and for recovery of any damages which she has sustained or may sustain in connection with any infringement by anyone."

In E. J. Brooks Co. v. Stoffel Seals Corp., 160 F. Supp. 581 (S.D.N.Y. 1958), the defendant notified the trade that plaintiff was infringing certain of his patents by sending letters to prospective customers of plaintiff charging that certain patents of the defendant were infringed by plaintiff.

In Rhodes Pharmacal Co., Inc. v. Dolcin Corp., 91 F. Supp. 87 (S.D. N.Y. 1950), defendant by insinuations and innuendo threatened plaintiff and its customers with patent infringement suits, thereby causing plaintiff to lose customers.

Clearly, plaintiff's authorities are not controlling on the facts presented in the case here on appeal.

Here, defendants have never made a claim with respect to the scope of the Crippen patent to plaintiff,

or to its customers, or to the trade in general, that Tubeco's and/or its customers' activities were or could be considered to be "covered" by the Crippen patent, as in the Wallace & Tiernan, Wembley, and Japan Gas Lighter cases.

The instant litigation is completely devoid of a demonstrated threatening posture by defendant of an infringement suit on the Crippen patent against plaintiff, its customers or the trade in general, as in the Japan Gas Lighter, Lances, E. J. Brooks, and Rhodes Pharmacal cases.

Nor has plaintiff here shown that the activities of defendants with respect to the Crippen patent resulted in loss of customers to Tubeco or a reluctance on the part of plaintiff's customers to deal with plaintiff, as in the Muller and Rhodes Pharmacal cases. The present case is also devoid of a litigious history between the parties in connection with the Crippen patent, as was present in the Muller and Blessings cases.

Plaintiff's reliance on Professor Moore's unsupported view (pages 15-16 of the Appeal Brief), that the mere assertion by plaintiff that a patent is invalid and that plaintiff is practicing the invalid patent creates a justiciable controversy, completely ignores the controlling law discussed by the District

Court and on pages 22-24, supra, as to what constitutes a justiciable controversy under the Declaratory Judgment Act as applied to the patent laws.

F.

CONCLUSION

The decision of the District Court was in all respects correct and the judgment below dismissing the Complaint should be affirmed.

Respectfully submitted,

MORGAN, FINNEGAN, PINE, FOLEY & LEE

By John D. Foley  
John D. Foley

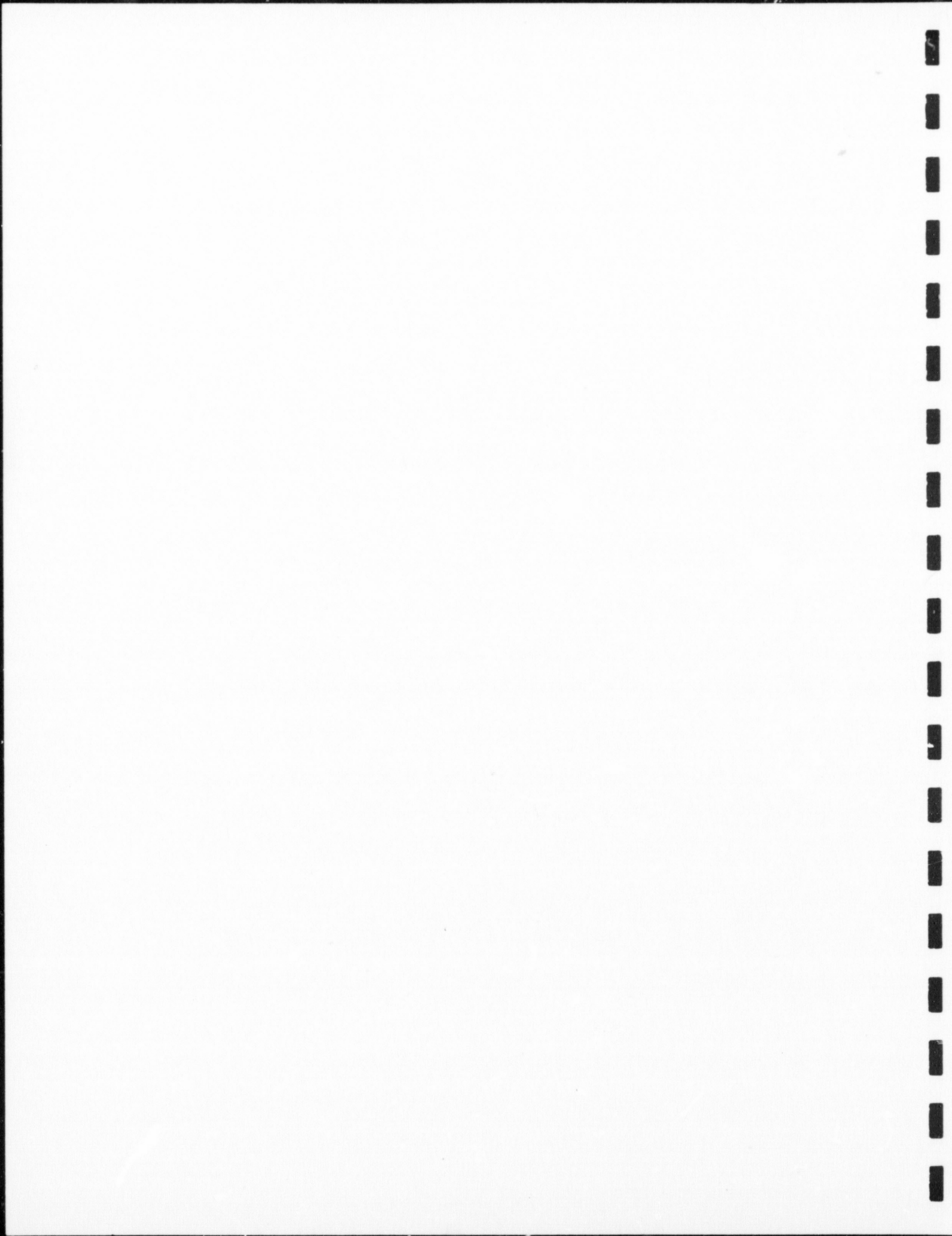
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Dated: April 2, 1976



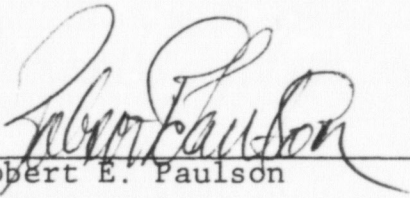


IN THE UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

-----X  
TUBECO, INC., :  
Plaintiff-Appellant :  
v. :Appeal No. 75-7629  
CRIPPEN PIPE FABRICATION CORPORATION :  
and HENRY O. CRIPPEN, :  
Defendants-Appellees :  
-----X

CERTIFICATE OF SERVICE

ROBERT E. PAULSON, a member of the firm of Morgan, Finnegan, Pine, Foley & Lee, 345 Park Avenue, New York, New York 10022, hereby certifies that the BRIEF FOR APPELLEES (containing references to Joint Appendix and Exhibit Book) was served on the appellant herein by hand delivering two copies thereof, to its attorneys Hopgood, Calimafde, Kalil, Blaustein & Lieberman at their offices at 60 East 42nd Street, New York, New York 10017 this 6th day of May, 1976.

  
Robert E. Paulson

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IN THE UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

Appeal No. 75-7629

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TUBECO, INC.,

Plaintiff-Appellant

v.

CRIPPEN PIPE FABRICATION CORPORATION  
and HENRY O. CRIPPEN,

Defendants-Appellees

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CERTIFICATE OF SERVICE

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